

premises, in whole or in part, with approval of the Director, provided the uses prescribed in the original lease are not violated. Subleases so made shall not serve to relieve the sublessee from any liability nor diminish any supervisory authority of the Director provided for under the approved lease.

(d) With the consent of the Director, the lease may contain provisions authorizing the lessee to encumber the leasehold interest in the premises for the purpose of borrowing capital for the development and improvement of the leased premises. The encumbrance instrument must be approved by the Director in writing. An assignment or sale of leasehold under an approved encumbrance can be made with the approval of the Director and the consent of the other parties to the lease, provided, however, that the assignee accepts and agrees in writing to be bound by all the terms and conditions of the lease. Such purchaser will be bound by the terms of the lease and will assume in writing all the obligations thereunder.

§ 18.11 Special requirements.

(a) All leases made pursuant to the regulations in this part shall be in the form approved by the Director and subject to his written approval.

(b) No lease shall be approved or granted for less than the present fair market rental value.

(c) Unless otherwise provided by the Director a satisfactory surety bond will be required in an amount that will reasonably assure performance of the contractual obligations under the lease. Such bond may be for the purpose of guaranteeing:

(1) Not less than one year's rental unless the lease contract provides that the annual rental or portion thereof shall be paid in advance.

(2) The estimated construction cost of any improvements by the lessee.

(3) An amount estimated to be adequate to insure compliance with any additional contractual obligations.

(d) The lessee will be required to secure and maintain from responsible companies insurance sufficient to indemnify losses connected with or occasioned by the use, activities, and operations authorized by the lease. Types

and amounts of insurance coverage will be specified in writing and periodically reviewed by the National Park Service.

(e) The lessee shall save, hold harmless, and indemnify the United States of America, its agents and employees for losses, damages, or judgments and expenses on account of personal injury, death or property damage or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of the activities of the lessee, his employees, subcontractors, sublessees, or agents under the lease.

(f) No lease shall provide the lessee a preference right of future leases.

(g) The lessee is responsible for any taxes and assessments imposed by Federal, State, and local agencies on lessee-owned property and interests.

(h) The lessee shall comply with local applicable ordinances, codes, and zoning requirements.

§ 18.12 Ownership of improvements.

(a) Capital improvements made to existing government-owned structures by the lessee or additional structures placed on the government-owned land by the lessee are the property of the United States. No rights for compensation of any nature exist for such property at the termination or expiration of the lease except as specified in the lease.

(b) Furniture, trade fixtures, chattel, and other personal property defined in the lease shall remain the property of the lessee upon termination or expiration of the lease and shall be removed within a reasonable time specified in the lease.

§ 18.13 Exchanges for historic property.

(a) After consultation with the Advisory Council on Historic Preservation, the Secretary, consistent with other legal requirements or other legal authorities, may exchange any property owned by the United States of America under his administration for any non-federally owned historic property located within the authorized boundaries of an existing unit of the National Park System, if he has determined that such exchange will adequately ensure preservation of the historic property